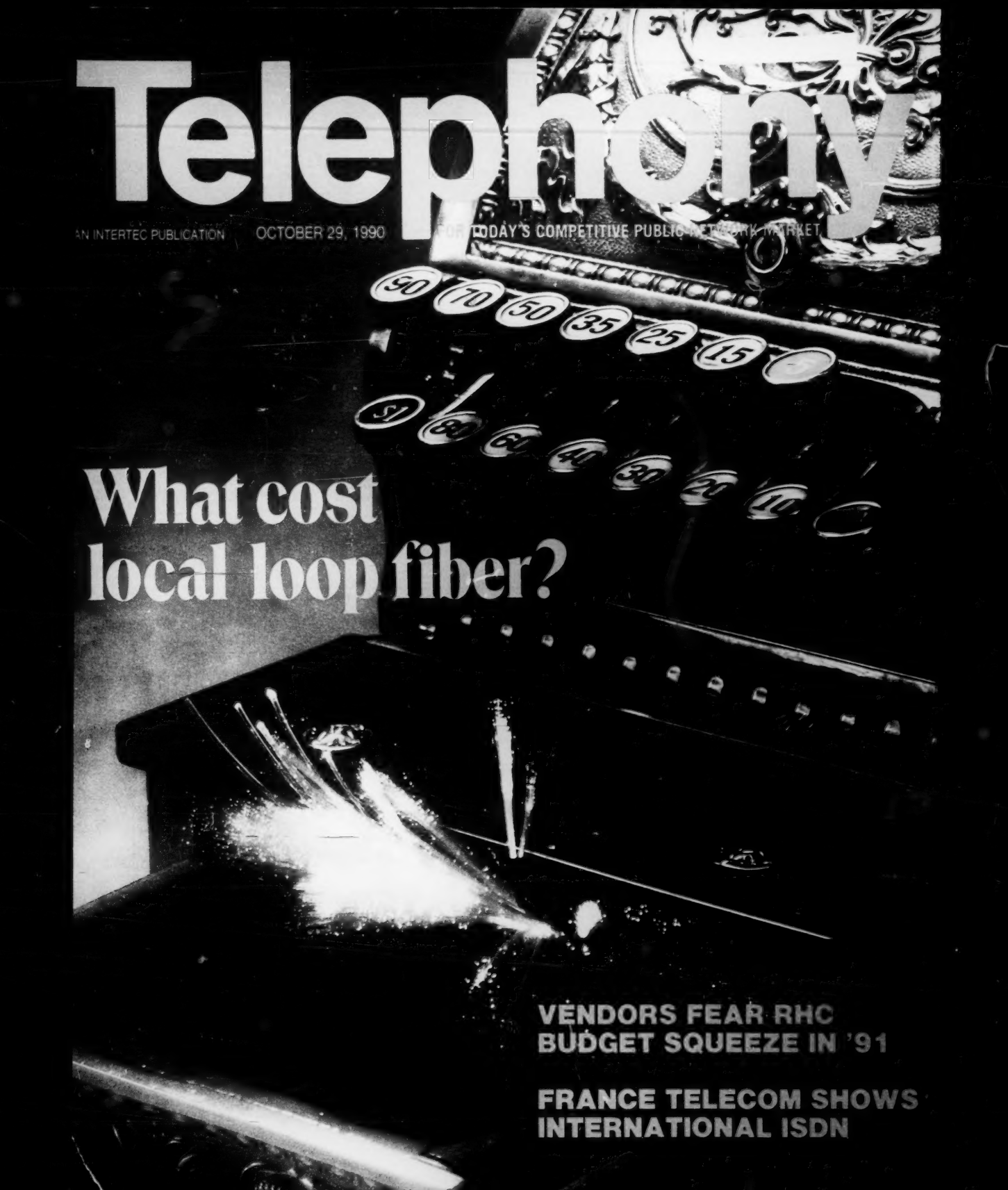
AN INTERTEC PUBLICATION OCTOBER 29, 1990

Telephony

FOR TODAY'S COMPETITIVE PUBLIC NETWORK MARKET



What cost local loop fiber?

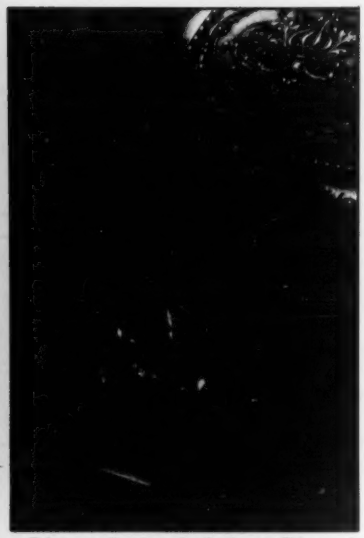
VENDORS FEAR RHC BUDGET SQUEEZE IN '91

FRANCE TELECOM SHOWS INTERNATIONAL ISDN

MONDAY, OCTOBER 29, 1990 Volume 219, No. 19

Telephony

FOR TODAY'S COMPETITIVE PUBLIC NETWORK MARKET



Telcos can't automatically ring up fiber use in the local loop yet, but that time seems to be getting closer and closer. Cover photo by Kenji Kerins

DEPARTMENTS

55 ADVERTISERS' INDEX

7 IN MY OPINION

22 LETTERS

25 MEETINGS

56 MOVING AROUND INDUSTRY

43 NEW PRODUCTS AND SERVICES

NEWS OF THE WEEK

8 **EQUIPMENT VENDORS GIRD FOR LEAN 1991**
Manufacturers are preparing for what could be a double-edged hit from a recession and the implementation of price caps

9 **FRANCE TELECOM DEMOS INTERNATIONAL ISDN**
But the carrier chooses bypass carrier Teleport for stateside service delivery

9 **COURT WANTS TARIFF 12 REVIEWED**
The appeals court says the FCC must justify its decision to approve AT&T's special tariff plan

11 **CORNING ENLARGES FIBER FACILITIES**
The manufacturer plans to invest $100 million in its optical fiber facilities

FEATURES

26 **GETTING TO THE SOURCE OF DISASTERS**
By Daniel Kidd and David Hiscoe. Current network disasters are taking the gloss off information age marvels, especially for businesses that depend on telecommunications. Although digital cross-connects can help bring some luster back, other survivability solutions may actually do a better job of bringing back the original shine

38 **WHAT COST LOCAL LOOP FIBER?**
By Cal Nelson. POTS is the financial fighting ground on which telcos hope to see fiber beat out copper. Several fiber attributes have to be considered, though, before fiber can be declared an out-and-out winner

TELEPHONY (ISSN 0040-2656) is published weekly except semi-weekly the first week in July for $45.00 one year, $70.00 two years. Outside U.S. $80.00 one year. Air mail for $185.00 for U.S.; $225.00 for Canada. Air Express one year outside U.S. and Canada for $150.00. Single copies $3.00 each (payable in advance); outside U.S. add $1.00. Subscription rates apply to employees of operating telephone companies; telephone consultants; contractors; interconnect companies; specialized common carriers; military; government; associations; private communications users; schools; libraries. Published by Intertec Publishing Corp., 9221 Quivira Rd., Overland Park, KS 66215. Second class postage paid at Chicago, IL and additional mailing offices. POSTMASTER: Send address changes to TELEPHONY, P.O. Box 12960, Overland Park, KS 66212. Copyright 1990 by Telephony Division, Intertec Publishing Corp. All rights reserved. Permission to photocopy for internal or personal use or for internal or personal use of specific clients is granted by Telephony for libraries and other users registered with the Copyright Clearance Center provided that the fee of $1.50 per page is paid directly to CCC, 21 Congress St., Salem, MA 01970. Special requests should be addressed to publisher.

that there are certain constraints about this business of ours—competition or no competition. There are certain core values and expectations that we've built and maintained over the years. We can't allow some employees to bend or break them." T

ISDN ventures overseas again

Richard Karpinski
Assistant Editor

France Telecom and a group of U.S. carriers teamed up at the Communications Managers Association trade show in New York last week to demonstrate full, end-to-end integrated services digital network connectivity between France and the United States.

However, unlike previous globe-spanning ISDN demonstrations—such as a recent collaboration between Pacific Bell, Illinois Bell and a pair of Japanese carriers *(Telephony, Sept. 3, page 9)*—the stateside local loop was handled not by a Bell company, but by an alternative access carrier, Teleport Communications.

Teleport's switched-services subsidiary, TC Systems Inc., supplied the local basic rate interface (2B+D) connectivity in New York via two 5ESS switches, which the company purchased earlier this year. France Telecom supplied ISDN connectivity in France and an AT&T transAtlantic cable linked the two local loops.

"I don't even consider . . . Teleport a bypasser because there isn't an ISDN service to bypass. It doesn't exist," said Gabriel Sidhom, France Telecom's director of marketing.

For Teleport, the demonstration was a preview to the carrier's commercial international ISDN, said Bill Baldwin, general manager of TC Systems. In early 1991, the company will roll out the service commercially beginning with a controlled introduction with an undisclosed Manhattan bank, Baldwin said. Initially, the bank will use the service to link up with France Telecom and British Telecom. Later, the service will be expanded to an additional European country and a Far East location, Baldwin added.

"We feel there is a growing and unmet demand for ISDN services," Baldwin said. "Not for island-type service, but for long-haul and, especially, international ISDN services."

New York Telephone filed its ISDN tariff on Oct. 17. When approved, the company initially will offer the service in several exchanges in Manhattan, a company spokesman said.

By working with an alternative carrier, France Telecom hoped to spur the Bell operating companies to move more quickly on ISDN, France Telecom's Sidhom said. ISDN is ubiquitous in France Telecom's network, and the carrier has 150,000 subscribers running more than 40 different applications, he said.

"We've run into a wall bringing ISDN to the U.S., because its not in the local loop," he said. "[The demonstration] is an inducement to other carriers."

Perhaps as early as this week, France Telecom plans to announce international ISDN links with additional U.S carriers, including some BOCs, Sidhom added.

The CMA demonstration showed the potential for international ISDN. The link was used to present a desktop conferencing application developed by ICL, which allows real-time simultaneous reviewing and editing of documents, data, images and graphs. In addition, the carriers had an ISDN videoconference running on PictureTel equipment.

Real-life applications are important for the future of ISDN, Baldwin said. "Customers don't buy ISDN services, they buy applications." T

Court rejects AT&T Tariff 12

Charles Mason
Washington Editor

AT&T's aggressive moves to capture major corporate customers for customized services under its Tariff 12 hit a legal snag last week when a federal court threw the tariff back to the Federal Communications Commission for a new look.

The U.S. Court of Appeals, acting on a challenge filed by MCI and US Sprint, told the FCC to properly justify its decision approving Tariff 12. Specifically, the court wants the FCC to explain how customized offerings are different from generally available services and how price differences can be justified. Under the Communications Act of 1934, AT&T is supposed to offer identical services to all customers at the same price. Competitors claim that the offerings violate this restriction.

Although the decision casts an air of uncertainty over the future of AT&T's customized offerings, the court recognized that AT&T does have the right to compete and the FCC still can have its say on the issue.

"We have the impression that there is a certain air of unreality about this case," the court said. "The FCC, one way or

continued on page 11

THIRD-QUARTER REVENUE RESULTS OF THE RHCs AND GTE
(In millions of U.S. dollars)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	1990	1989	1990	1989
Ameritech	$2668.7	$2554.3	$7968.0	$7607.9
Bell Atlantic	3098.7	2909.4	9192.8	8559.9
BellSouth	3551.1	3545.0	10,695.1	10,381.1
Nynex	3395.1	3308.9	10,164.1	9842.8
Pacific Telesis	2468.0	2368.0	7275.0	7118.0
Southwestern Bell	2367.7	2208.7	6686.6	6406.8
U S West	2482.6	2323.0	7319.5	7151.2
GTE	4600.0	4400.0	13,600.0	12,800.0

THIRD-QUARTER INCOME RESULTS OF THE RHCs AND GTE
(In millions of U.S. dollars)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	1990	1989	1990	1989
Ameritech	$311.2	$289.1	$967.0	$906.5
Bell Atlantic	356.4	344.1	1076.5	1016.6
BellSouth	402.9	404.4	1271.3	1272.1
Nynex	296.7	288.7	888.7	851.3
Pacific Telesis	285.0	278.0	834.0	920.0
Southwestern Bell	323.6	295.3	833.9	795.6
U S West	302.6	258.1	850.9	766.3
GTE	409.0	388.0	1100.0	1000.0